PREMIER'S COUNCIL
REPORT

PEOPLE AND SKILLS IN THE NEW GLOBAL ECONOMY

REPORT IN BRIEF

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Report In Brief

INTRODUCTION

The Premier's Council was established by the Ontario government in 1986, with a mandate to "steer Ontario into the forefront of economic leadership and technological innovation." Chaired by Premier David Peterson, the Council represents a broad cross-section of the Ontario economy. Its members are drawn from the business, labour, government and academic communities.

The Council's first report, issued in 1988, dealt with the problems and challenges facing Ontario's economy in an era of increasing global competition. The Council recommended a series of measures designed to help Ontario industry become competitive by developing its own value-added products and selling them all over the world.

The first report focused on industrial restructuring — the process by which old industries transform themselves and new industries emerge. But new technology, new products and new industries are only part of the necessary equation. The other part is people, and the skills they need to earn their livings in the 21st century. The present report, *People and Skills in the New Global Economy*, examines ways in which industry, educators, labour and government can work together to ensure that tomorrow's workforce is equipped with the skills they need to compete, to adapt and to enjoy meaningful working lives.

What follows is a shortened version of the Council's report on education, training and labour adjustment. Copies of the full report are available from the Premier's Council Secretariat.

SECTION I:

THE SKILLS DILEMMA

TOMORROW'S INDUSTRIES, YESTERDAY'S WORKFORCE

In its first report, *Competing in the New Global Economy*, the Council issued a series of recommendations aimed at promoting a dramatic transformation in the Ontario economy. The surest guarantee of continued prosperity, the Council argued, was to transcend our traditional reliance on low value-added and low-wage industries that add very little to the commodities they produce.

Paper mills, for instance, instead of simply churning out raw newsprint, should be moving into niche markets such as specialty papers. Auto parts manufacturers should be emphasizing such sophisticated activities as precision machining and automated assembly, rather than wiring harnesses.

Not surprisingly, this restructuring process is already happening in many of Ontario's manufacturing and service industries. The onrush of computer-based technology and the increasing globalization of business leave us very little choice. Either we work smarter to compete in an increasingly competitive world or we face a steady erosion of the high living standards that most Canadians take for granted.

In the course of preparing its first report, the Council realized that the human aspects of this restructuring process were at least as important as the technological and operational ones. To have smart industries you need smart, well-trained people. That's why the Council is devoting its second report exclusively to the crucial issues of education, training and labour adjustment. This, then, is a report about skills and a report card on Ontario's performance in helping its people acquire the knowledge and abilities they need to learn, as well as earn, their livings in the 21st century.

By skills, the Council means more than the ability to take a patient's temperature or operate a drill press. In this report,the Council is concerned with the entire spectrum of abilities that people apply in their lives and work, from basic literacy and numeracy to the most esoteric knowledge that modern industry requires. The Council is also concerned with what may be the most needed skill of all: the ability to adapt, to keep learning, to keep acquiring new knowledge as part of a lifelong adventure.

THE COMING SKILLS CRISIS

It used to be supposed that automation would turn workers into Chaplinesque robots — unskilled, disposable servants of the new machines. In fact, the opposite seems to be happening. The more industries modernize the greater their demand for highly-trained people.

In Ontario's auto parts industry, for instance, about 62 percent of the workforce was unskilled five years ago. Today, after heavy investments in automation, only 33 percent of the jobs can be

classified as unskilled. This pattern extends throughout the entire Canadian economy. More than half the new jobs in Canada now require a Grade 12 education or less. A decade from now, according to Statistics Canada, those qualifications will be acceptable for only 37 percent of new jobs.

Where will those well-trained people come from? Ontario industry can no longer rely on technically-trained immigrants from western Europe to supply its skilled labour. The rate of participation by women in the workforce is beginning to level off. And as the population ages, the number of young people entering the Canadian workforce will continue to decline.

Putting it simply, Ontario is facing a skills crisis. As the proportion of unskilled jobs declines; the demand for skilled workers increases. At the same time, the people who can fill those jobs are becoming harder to find.

Adding to the skills shortage problem is the disturbing fact that many people entering or already in the workforce are not able to read a set of simple instructions or understand a graph. In a Council survey of 136 representative firms in Ontario, more than 60 percent reported that illiteracy was a serious problem. There is mounting concern across industries about the inadequacy of basic language and mathematics skills among entry-level employees. This does not mean that young people know less than they used to; it means that industry is demanding that they know more.

This is the demographic backdrop of the report. It raises a number of themes that underly Council's recommendations. Among these themes:

- Education can no longer be regarded as a once-in-a-lifetime experience. People entering the workforce today should be prepared to pursue several careers during their working lives. In the emerging global marketplace, the ability to adapt and learn new skills continually will be the most highly-prized skill of all.
- Ontario industry must learn to invest routinely in enhancing the skills of its existing employees. As some firms are already discovering, investments in training and a commitment to genuine participatory management often pay off at least as well as investments in new technology. Automation is only half the answer to surviving in a competitive world. The other half is motivated, well-trained people working at jobs they are proud to perform.
- Restructuring is one of those nice, neutral-sounding words that masks a harsh reality — in this case, the bitter and sometimes tragic experience of losing your job with little prospect of finding another. One of the major themes of this report is the importance of effective labour adjustment policies — an area where Ontario has not always been at the forefront. As industry adapts to new global realities, layoffs are inevitable. But the human impact of restructuring can be minimized — not only by government adjustment policies, but by an increased commitment to training that is shared by labour and management.
- Finally, the Council believes that education, training and adjustment are too important to be left solely to government. All stakeholders from the worlds of education, business, labour and other community interests must take a far greater role in fashioning policy. The Council will propose fundamental changes that vest greater responsibility in these players.

EDUCATING FOR THE NEW MILLENNIUM

The goals of our education system are as broad and diverse as society itself. This report is concerned primarily with how well our schools equip their students for the new global economy. The schools' basic job is to provide each student with a set of skills that will create the "platform" from which other skills may be developed over a lifetime. The system's mission, in other words, is to teach young people how to learn.

On this score, Ontario's schools generally receive passing grades. Language studies are now beginning to occupy a more central place in the provincial curriculum. However, the math and science skills of our students and the level of interest students have in these subjects could stand improvement.

A Platform for Lifelong Learning

The Council subscribes to the growing consensus among educators, as well as those outside academic circles, that language, math and sciences are the fundamental tools of future learning. These are the three basics upon which critical thought and the higher-order skills are built. Therefore the Council proposes that the education system focus on **building a platform for lifelong learning**.

Language teaching should seek to achieve more than just linguistic competence. It should also attempt to improve communication and critical thought. Mathematics and science should become a mandatory part of the school curriculum until at least the end of grade 10, and eventually to grade 12. And efforts to promote an understanding of mathematics, science and technology should be extended across the curriculum.

The Council also believes that far greater attention must be paid to high-school dropout rates. Despite a significant increase in the proportion of 18-year-olds who are graduates, the fact remains that one Ontario student in three leaves secondary school before receiving a diploma. Most leave because they are experiencing failure and frustration.

Simplistic as it may sound, the answer to the dropout problem may lie in ensuring that more students experience more success. That will require better evaluation of students' progress, better remedial progams and, to keep students interested, better linkages between high-school courses and future job opportunities.

Making Technological Studies and Careers More Attractive

Not all these opportunities will be in white-collar occupations. Our schools and communities will have to become more effective at generating student interest in the skilled trades and manufacturing sectors. That interest — never very keen to begin with in our culture — has been declining for years, and is reflected in flagging enrolments, especially by women, in technological studies courses in high schools.

The Council believes that **technological education and careers must be made more attractive and viable for students**. Careers in industry and the skilled trades are more financially rewarding, more interesting and more secure than most students think. A concerted effort must be made to sell these benefits to students, and this is an effort in which industry and labour must play a leading role. Creating more advanced level credits in technological studies could also enhance their status and substantiate claims of their worth.

Guidance counsellors and others who help shape students' job choices must be enlisted to **enhance career education.** High school guidance counsellors cannot be expected to stay abreast of current job trends in various industries. But they can, with help, become more effective at presenting the career options available to the 70 percent of students who will not attend college or university. Local businesses and labour organizations could assist by sponsoring career education days, making up-to-date information available and sponsoring co-operative education programs.

Creating A Common Curriculum

Another way to lower dropout rates is to give students a common school experience until the legal school-leaving age of 16. Educational authorities in many jurisdictions have endorsed this principle of destreaming the school curriculum. So has Ontario's Ministry of Education, which is committed to developing a common curriculum up to Grade 9 by 1994.

The Council believes that a more comprehensive commitment should be made, and therefore proposes that **a common curriculum to grade 10 should be in place by the year 2000.** All students should learn the same things until they reach the age at which school attendance is no longer compulsory. As things stand now, the system discriminates against those students who are streamed into the basic level programs and offers greater opportunities to those in general and advanced levels.

Specialized courses should not be offered until Grades 11 and 12. During those years of specialization, though, students should continue to have access to as broad a general education as in the earlier years. These specialized programs could also develop useful links with industry, labour, colleges and universities.

The years of specialization must be structured so that students are presented with a range of choices and opportunities. At 16, students should be able to decide whether to quit school, to take a job or to enter a training program, to attend school part-time while working or participating in a workplace training program or to stay in school and work towards a diploma. Those students who choose to stay in school should be offered the widest choice of both career-oriented and broader interest courses.

Extending the core curriculum to higher grades and enriching the years of specialization will require experimentation, compromise and careful monitoring. But the development of a core curriculum is central to the restructuring of Ontario's educational system — a restructuring to which the province is already committed.

Emphasizing Evaluation

But if Ontario's educational system is to change, we must develop ways to measure how well the schools are performing in terms of whatever criteria they choose to adopt. **Ontario should emphasize educational standards and evaluation** by introducing:

- a sampling system to monitor educational standards;
- province-wide benchmark evaluation to cover basic skills
- comprehensive profile assessments for students;
- a report card to the public to identify achievements and progress annually.

Without performance criteria and ways of measuring them, there can be no accountability. Without accountability, there is little chance for meaningful, measurable change. The Council therefore urges stepped-up efforts to monitor how effectively Ontario schools are performing their mission. This performance can be measured by testing representative samples of students in various grades on their knowledge of math and science, their technological literacy and their reading, writing, speaking, listening and problem-solving abilities. This would not be a "test" of the students; it would be a "test" of the system itself.

Monitoring should be objective and cause a minimum of disruption. Perhaps most important, the monitoring results for the province as a whole should be published every year to serve as an annual report card on how well the school system is performing — as measured by improvements in dropout rates, benchmark achievement results and performance on international tests.

We demand specific levels of performance from our students, who must live by the results they achieve. Why should we expect anything less from our schools?

Teaching the Teachers

Ontario needs more teachers. Various demographic trends, including retirements, immigration, rising birth rates and the movement towards smaller classrooms all point to a serious teacher shortage by the mid-1990s, when retirements alone will equal the number of new graduates.

Ontario also needs better-trained teachers. At least one-quarter of teachers at any one time are taking courses to upgrade their qualifications. But most of this training consists of quick courses that are seldom intensive enough to equip teachers to cope with new curricula, new teaching methods and new technologies. In particularly short supply are teachers with solid groundings in math, science and technology. The Council therefore recommends **revamping teacher training**.

Entry qualifications for teaching could consist of a four-year B.A. or B.Sc. plus a fifth university year of teacher training. University-level math and science might also be a useful prerequisite for teacher training.

For teachers who have already qualified, part-time training should be supplemented by a network of Teacher Centres, where teachers could spend weeks or months mastering new teaching skills. The programs offered by these centres should be developed and run by teachers themselves, with input from the Ministry of Education and from local communities. Emphasis in these programs, and of all in-service training, should be placed on developing a knowledge of changing conditions and demands of the workplace.

The Need For Modern Management

Schools are not companies, but schools could benefit from some of the same forms of leadership that are used in modern corporations. Good principals make the success and happiness of their students their highest priority. They are visionaries, problem-solvers and motivators. They have short- and long-term goals and work as team leaders to implement them.

To encourage these leadership qualities in school administration, training programs for principals must be modernized and expanded to reflect their dual role as instructional leaders and as managers in a complex school system.

Bridging the Gap Between School and Workplace

There have been encouraging efforts in recent years to bridge the gulf of mutual incomprehension that separates schools from the workplace. Enrolment in co-operative education programs, in which students work part-time and attend school part-time, increased by 32 percent from 1986 to 1987 alone.

Another recent initiative, known as SWAP (School-Workplace Apprenticeship Program) allows students who have completed grade 10 to work full-time as apprentices for three years while working toward high-school graduation. There are countless other examples of schools, companies and unions working together at the community and regional level.

But more needs to be done in this direction. Accordingly, the Council recommends that Ontario build **a new relationship for school, community and workplace**. Specifically:

- All school boards should establish community linkage committees with a mandate to review school programs for their relevance to the economic and social life of their communities.
- In addition, each school should consider setting up its own linkage committee to develop their own career guidance and mentoring programs, educational exchanges, apprenticeship and co-op programs.

BEYOND THE BASICS: POST-SECONDARY EDUCATION

The College System

Twenty-five years ago, Ontario established a network of Colleges of Applied Arts and Technology. Their mandate was to complement the university system by providing, "in the interests of students for whom a university course is unsuitable, a type of training which universities are not designed to offer." By and large, the experiment has been a success. Today, Ontario's 23 colleges serve more than 110,000 full-time students and 800,000 part-time registrants.

Unfortunately, a declining proportion of these students is pursuing technology programs. Between 1984 and 1988, total enrolment in technology courses at Ontario colleges declined by 26 percent, while enrolment in other courses increased by 6 percent. This decline occured in spite of an increasing demand for technology graduates.

Why should students shy away from technology programs when, according to 1987 statistics, 82 percent of technology graduates succeeded in finding jobs related to their chosen field of training? Partly it is because of a trend in favour of university enrolment at the expense of college enrolment. But the underlying reason is a growing perception that technological careers are for losers. Or, as one high-school graduate expressed it in a letter to a local newspaper: "Unfortunately, the people of this community, including teachers and employers, seem to believe that a university degree is the only way a student will ever become successful."

Unfortunately, this is the prevailing attitude. University graduates, in the long run, do earn more than college graduates. And opportunities in technological careers are seen as less exciting than what university degree holders can look forward to.

Another problem for college-bound students arises from the fact that they usually choose their programs while still in high school and, by the time they graduate three or four years later, market conditions may have changed sufficiently to limit their job prospects. The problem here may be excessive specialization.

Developing a Range of Skills and Opportunities

College programs must impart specific skills associated with particular jobs, because that is part of their mandate. But they should not do so at the expense of imparting skills (such as time management, mathematics or teamwork) that are applicable to many careers. College programs should be structured to **permit ease of transfer between programs**, and to **provide a common set of generic skills that can accommodate various career paths**.

Less rigidly specialized programs might also address one of the colleges' fundamental problems: a disturbingly high dropout rate. Of those who enrol in community colleges, only about half graduate. To alleviate this problem, new approaches must be implemented to **combat dropout rates** that are as high as 50 percent in the colleges. Greater emphasis must be placed on preparatory programs in high school, and on orientation courses for first-year college students dealing with such topics as life skills, time management and study skills. These remedial courses would place an additional burden on the colleges, and would require additional staff and funding.

Centres of Specialization

Ontario's community colleges teach hundreds of subjects and teach them well. But few of our colleges would be considered world centres of excellence in any field.

The Premier's Council therefore recommends the **development of centres of specialization**. A selected group of college technology programs should be grouped into "Centres of Specialization" with an expanded mandate to become world leaders in training for certain technological specialties. To ensure that they are relevant to the province's economic needs, the specialties should be selected in co-operation with business, labour and community groups. To ensure excellence, they should offer a new kind of training, combining job-oriented training with an advanced liberal arts education.

This recommendation cannot be implemented without resolving complex issues of accreditation, funding and governance. Who will run the programs? Which institutions will grant the degrees? How will the programs be staffed and paid for? A study must therefore be launched immediately, with a view to resolving these and other issues within a year.

THE UNIVERSITIES: UNDERFUNDED AND OVERSTRETCHED

Many of these observations about community colleges also apply to universities. Once again, we see a declining interest in mathematics, science and engineering. Enrolment of students in these disciplines dropped from 18 to 15 percent of total university enrolment between 1980 and 1987. And, although the demand for engineers with advanced degrees is rising, Ontario is graduating far fewer engineers with postgraduate degrees than many comparable jurisdictions.

Part of the problem is that our universities are being forced to do more with less. There are now 16 students for each faculty member at Ontario universities; a 26 percent increase in the past 20 years.

The Funding Question

Tuition income is not helping to offset the mounting costs that accompany these changes. Thirty years ago, tuition fees accounted for about one-third of total operating revenues. Today that proportion is down to 18 percent. Both government and students are shouldering a diminishing share of the cost burden. Eventually, this declining commitment will be reflected in lower standards and an erosion of the universities' role as a training-ground for tomorrow's graduates. **Universities and colleges must also develop foundation courses that will provide all undergraduates with a common set of sophisticated communication, numeracy and technical/ scientific skills.** Maintaining the quality and integrity of a university education will, of course, create further financial pressures.

The Council also believes that the **funding of faculty renewal and equipment upgrading should be augmented** by:

- Adjusting government funding to reflect more accurately the investment requirements for programs in science and engineering;
- Analyzing the potential risks and benefits of alternative revenue sources, including fee increases or deregulation. It is imperative, however, that broad access to the system be maintained.

Encouraging and Rewarding Excellence

The Council also considered it critical to **reward teaching excellence** and recommended that universities investigate ways of increasing the rewards and resources available to those who direct their efforts to teaching excellence.

The pursuit of postgraduate studies in science and engineering should be encouraged through:

- Special grants and stipends for postgraduate students;
- The creation of opportunities for direct entry from a bachelor degree to a four-year doctoral program.

No Dead-Ends

The Council also believes it should be made much easier for students to switch courses, or to switch between college and university, without losing credit for previous work. Among educators, the buzzword is "articulation." It means co-ordinating programs at different institutions to permit easier transfers. It should also mean that no choice a student makes should restrict further choices. In a world that demands lifelong learning, there should be no educational dead-ends. **Establishment of a provincial coordinating council to arrange smoother transitions between institutions** is therefore proposed.

Finally, the Council believes that our educational system must reflect the realities of the global marketplace and give its students **an international education.** Thus, international student exchange programs should be expanded and an international program for senior leaders should also be established.

SECTION II:

ADDRESSING THE TRAINING DEFICIT

There is an ongoing debate in Ontario over what training is for, how much training is appropriate and — not surprisingly — who should pay for it. But there is widespread agreement that our existing training efforts fall far short of our needs.

U.S. industry spends more than twice as much per worker on training as Canadian firms do. West German employers spend four times as much — about 1.2 percent of GNP, versus .3 percent in Canada. According to one recent survey, nearly 60 percent of Canadian workers received less than one week's training in the previous two years, and more than half of all unskilled workers — who, presumably, need training the most — received none at all.

TRAINING FOR THE NEW GLOBAL ECONOMY

Companies surveyed in the course of the Council's research consistently put forth the view that industrial restructuring cannot be successful without significant additional investments in teaching people how to operate new technologies and how to function in the new team environment which those technologies seem to demand. Employees are similarly convinced that a greater training effort is essential — not just because it enhances productivity, but also because it expands the career horizons (and often the incomes) of individual workers.

Yet many employers are reluctant to spend more on training people who use their new skills to get a better job somewhere else. Their wariness stems in part from the fact that many of the skills demanded in the modern workplace are generic and portable. The ability to read blueprints, to use computers, to analyze and solve problems, or to work effectively within production teams: these skills are far more easily tranferred to other workplaces than, say, knowing how to operate a particular drill press in a particular factory.

The Industrial Relations Environment

Workers and the unions that represent them argue that training should be equally available to all workers and that it should not be job-specific. Rather, training should be broad-based and transferable to other tasks in order to give workers more career options and more control over both their jobs and their lives.

Conflicts sometimes arise when management uses training to promote "multiskilling" — teaching workers a variety of skills that enable them to do several different jobs. For management, this means greater flexibility. For unions, multiskilling can be a job-threatening technique that upsets existing job classification systems. Industrial relations tend to become strained in certain

other areas relating to training:

- In some firms, workers are not directly involved in decisions about access to training, which is often granted on the basis of seniority or favouritism.
- In many firms, training for new technologies is seriously inadequate. Sometimes it is little more than a modified sales pitch from the company that is supplying the machinery. Sometimes it amounts only to "trickle-down" training where supervisors are shown how to operate new machinery and they, in turn, instruct other workers, who pass along the knowledge, in diluted form, to still others workers further down the line.
- Management in some firms act as if their existing workforces were untrainable. They hire college graduates to operate new machinery, ignoring the accumulated know-how of experienced employees.

THE PATCHWORK OF GOVERNMENT PROGRAMS

How effective is government in addressing the training deficit that everyone agrees is serious? Not very, according to most of the players in the training game. More than half the firms surveyed for the Council reported that federally- or provincially- sponsored training initiatives were not particularly useful. Nearly one firm in ten reported that government programs actually discouraged training.

Most companies complained about excessive paperwork and cumbersome bureaucracies. So did many of the unemployed or disadvantaged workers who found access to training opportunities limited or not well suited to their needs. There are so many different programs, so many different entrance requirements, and so few support systems that all but the most determined applicants become discouraged. Trying to get at government training programs is sometimes like trying to shop at a supermarket whose location is undisclosed and whose prices are kept secret.

Why this patchwork of programs? Because most government training initiatives have been launched in response to perceived crises (such as youth unemployment or factory closures) and have been aimed at short-term job creation or income maintenance only. In countries more experienced and successful in delivering effective training programs, training takes place as a coherent, continuing investment in national productivity. In Canada, training policy has been the result of overlapping jurisdictions pushing a series of panic-buttons — sometimes in response to crises that are either temporary or self-correcting.

The Canadian Jobs Strategy

This approach is exemplified in the Canadian Jobs Strategy (CJS), the main training thrust of the federal government. Its emphasis is reactive rather than anticipatory. More than two-thirds of the strategy's funding in Ontario in 1987-88 went to unemployed workers. Only one-third was spent improving the skills of the employed workforce. Overwhelmingly, the CJS's emphasis is on short-term training for entry-level jobs.

Even then, there are serious questions about the quality of the training. Many firms apparently use federal training funds as little more than a wage subsidy, and many employees in CJS-funded programs receive only limited or highly specific training that cannot be used in other jobs. The federal focus seems to be on

getting people off the unemployment rolls temporarily, rather than on equipping them for durable employment, or on expanding the capabilities of people who already have jobs.

The Ontario Effort

Ontario has tried to paper over some of the gaps in federal training programs by setting up the Ministry of Skills Development (MSD), which spends more than $280 million annually, mostly on industrial training. Some of its programs are uniquely effective, particularly its Basic Skills programs, which involve trade unions and employer associations in teaching literacy skills, sometimes right in the workplace, to workers who need them.

But some of the Ministry's priorities have been questionable. MSD spends more than $50 million annually on its two key programs for training within industry; but only 15 percent of the employers who used these programs were in the mature manufacturing sectors. Furthermore, the Ministry has only recently begun to reduce its spending on essentially job-ready young people at a time when Ontario employers are hanging signs in their windows, desperately seeking entry-level help. The Ministry's youth programs should be more tightly focused on the disadvantaged minority of young people who are unlikely to seek or receive educational upgrading on their own.

THE AILING APPRENTICESHIP SYSTEM

Ontario's apprenticeship system is antiquated and ineffective. Because of outmoded legislation, outdated curricula, poor pay, archaic entry and completion requirements and ineffective modes of delivery, the system actively discourages young people from pursuing careers in the industrial trades. Fundamental reforms are urgently needed to correct the system's many shortcomings. Among them:

- The enabling legislation, the Apprenticeship and Tradesmen's Qualification Act (ATQA) entrenches outdated wage provisions and training guidelines, as well as imposing unnecessarily lengthy training periods. In some trades, it takes as much as five years for an apprentice to attain journeyman status. (In Germany, which boasts one of the world's most effective apprenticeship systems, no training lasts longer than four years).
- In some industries, such as construction, steel and electronics, market pressures have led to the development of co-operative and effective apprenticeship programs. But in the industrial trades that are crucial to the competitiveness of Ontario manufacturing, the system is riddled with anachronisms — not the least of which is quaint but dated terminology. (A 1989 study in the Guelph-Kitchener-Waterloo area revealed that nearly 80 percent of high school students had no idea what a "journeyman" was or did).
- Because technology moves faster than curriculum planners, apprentices are still being taught skills they will never use. In the Ontario government's 300-page training guide for tool and die makers, for example, only 25 or 30 pages are relevant to what tool and die makers actually do these days. An entire section is devoted to "cyaniding," a heat-treating process that is no longer used in Ontario because of its health hazards.
- It is simply too hard to become an apprentice. Various institutional and cultural barriers effectively discourage women, the physically disadvantaged and people from minority racial and ethnic groups.

- Remuneration is inadequate during the lengthy apprenticeship period. Income support is provided under the federal *National Training Act* or through unemployment insurance. But eligibility criteria are complex and support levels are low.

HOW OTHER COUNTRIES MANAGE

Training and apprenticeship systems in other countries are products of particular cultural and economic circumstances and cannot be imported without modifications to suit local conditions. But there seems to be a common thread running through our examination of these systems in the UK, Germany, Sweden and Japan: the more industry and labour work together to co-manage their training efforts, the better they work.

The British Levy/Grant Experience

The British government tried to solve the "free rider" problem in 1964 by levying a payroll tax on all firms, then giving the money back in the form of training grants to firms that did or would train.

A number of problems became evident. Smaller firms found it hard to qualify for training grants for which they had already been taxed. Other firms used creative accounting to get back more in training grants than they had paid in levies. More than a quarter of a century after the levy/grant system was introduced, the quantity and quality of industrial training in Britain has shown little overall improvement.

Japan: The Corporation as Educator

In Japan, where larger firms offer cradle-to-grave job security, lifelong training is so deeply embedded in the industrial culture that it is sometimes difficult to account for it as a separate activity.

Japanese high-school graduates are, on average, much more rigorously educated than their Canadian counterparts. Early specialization is discouraged and nearly all vocational training takes place on-the-job, in an atmosphere of continual, relentless self-improvement. Working for a large Japanese firm is a lot like attending an institution of higher education – for life.

Germany: A Dual System that Works

In Germany, training responsibilities are split between the federal government (which looks after on-the-job training) and the states (which run vocational schools as part of their overall responsibility for public education). Apprenticeship policies are set nationally.

Nearly two-thirds of all comprehensive school graduates proceed to vocational training, where they can choose from a menu of 439 apprenticeable trades. They learn on-the-job in some 450,000 approved training firms, each of which has at least one fully-qualified trainer. They also attend schools and workshops where core skills such as teamwork, creativity and adaptability receive heavy emphasis. At the end of their training period, students must pass stiff examinations. From there, typically, they embark on a career where the learning process continues.

In large firms such as Daimler-Benz, Bayer and Siemens, up to half of all employees are involved in training programs. The system works superbly because German labour and management, along with the government, work together to achieve higher levels of economic performance through continuous investments in human resources.

Sweden: The Co-operative Approach

In Sweden, vocational training and the national employment service are managed by a tripartite body called the National Labour Market Board (AMU), which delivers services through 24 semi-autonomous county boards and 280 employment centres.

Vocational training programs are run by self-supporting labour market training centres that sell training packages to the county boards and private industry. About 130,000 people — 3 percent of the labour force — take AMU-designed courses each year. Most of these courses are aimed at equipping unemployed people for permanent employment, but the AMU also trains employed workers under subsidized contracts with individual firms.

Since 1984, all Swedish companies above a certain earnings level have been required to place 10 percent of their net profits in so-called renewal funds, which are used to finance training, research and development. How those funds are spent is a matter of negotiation between unions and management.

Another Swedish innovation is called "bottleneck training" — a continuing effort to train people in anticipation of new technologies and processes in the workplace. This approach attempts to plan for and prevent skills shortages.

FORGING A NEW APPROACH TO TRAINING

Despite the many shortcomings in Ontario's and Canada's approaches to industrial training, there have been several recent initiatives by labour and management that reflect the best features of some of these foreign models.

In the steel industry, the formation of the Canadian Steel Trade and Employment Congress (CSTEC) in the early 1980's brought labour and management together in a joint effort to address the problems of adjusting to a drastic restructuring of the industry. After the 1981-82 recession, which killed 30-40 percent of the province's steelmaking jobs, CSTEC's Employment and Adjustment Committee set up programs to assist laid-off workers.

The electrical/electronics manufacturing industry experienced a severe recession between 1979 and 1983, followed by a period of strong growth. Both labour and management could see that better training was the key to future adjustments and set up a human resources committtee to deal with skills training. The Committee has designed an industry-wide training fund, to which workers, companies and government contribute.

In the construction industry, various unions began setting up Training Trust Funds in the 1980s because most construction firms were too small to afford the kind of training union members needed. The money came from workers and their firms, and the proceeds were used to pay for training to upgrade existing skills, as well as teach new ones. In 1985, the Ontario government began matching employee and company contributions to a maximum of $100,000 per fund. By 1989, there were 37 TTFs operating in Ontario, with almost $5.5 million in contributions.

THE ONTARIO TRAINING AND ADJUSTMENT BOARD

These and other examples of labour-management co-operation inspired the cornerstone recommendations of the Council's report: that **an Ontario Training and Adjustment Board be established, with equal representation by labour and management, to oversee the funding and delivery of workplace training and adjustment programs in Ontario**. In effect, the Council is proposing that the major stakeholders in training and adjustment policies and programs assume primary responsibility for the process of developing them.

The OTAB is envisioned as the centrepiece of an entirely new structure, which would also include committees to oversee training on a sectoral and regional basis, along with a newly-formed Ontario Apprenticeship Board, a newly-formed Learning Network and various mechanisms for adjustment assistance.

Neither the OTAB nor its subsidiary organizations would deliver training; that would remain the responsibility of existing public organizations, led by the community colleges and by private-sector training firms. But by making OTAB's sectoral and regional committees the major purchasers of of these training services, a measure of market discipline would be introduced into a system that sorely lacks it.

To ensure credibility, effectiveness and independence, it is essential that labour and management be equally represented on the OTAB's board. Its directors, including its two co-chairs, must be prominent labour and management people who can devote time and energy to making the OTAB work. Government should be represented by ex-officio board members, including deputy ministers of relevant government departments. Other important public interests would also be represented by four additional voting members who would be selected with the mutual approval of the OTAB's labour and management members. These other OTAB representatives could be drawn from the academic or small business communities perhaps.

The OTAB should be an independent, non-bureaucratic institution with broad authority to make major program and funding decisions regarding workplace training. It should also take responsibility for guiding labour market research, for overseeing the revamping of the apprenticeship system and for all workplace training programs.

The Sectoral Training Committees

One of OTAB's main responsibilities will be to oversee the development and delivery of industry based training. **Sectoral Training Committees would be established to create and administer a regime for training in their industry sectors.**

Each bipartite sectoral committee will cover training in a specific industry, such as plastics, or training activities that span several industries, such as metalworking. Formation of these committees would be voluntary; that is, they would be created only if and when a substantial consensus existed within a given sector that such a committee would be useful.

Each committee would organize itself to gain recognition from the OTAB. Funding could be raised through payroll deductions from employers. If workers agreed, there could be additional contributions from employees — a matter which would be determined through collective bargaining in the way that paid educational leave provisions are often negotiated. Funds thus raised would be matched by government, but allocation decisions within each sector would be made by the committees. If not all

companies within a sector want to participate, they could opt out with the approval of the OTAB.

The Sectoral Committees would be complemented at the grassroots level by Joint Workplace Training Committees, which would assume responsibility for allocating sectoral funds at each workplace. They would also make suggestions to the Sectoral Committee about the kind of training they needed.

One of OTAB's first tasks would be to establish goals for increased investments in training. The appropriate level of investment will vary from sector to sector, and it will be OTAB's job to work with the industries concerned to establish meaningful funding targets. The Council emphasizes that this approach to eliminating our training deficit relies on voluntary co-operation among employers, employees and both levels of government. If, however substantial progress towards realizing this goal is not achieved, then additional fiscal measures will be needed to bring training investment to the level required.

Regional Training Committees

Sectoral Committees cannot possibly cover the entire spectrum of training needs. The formation of Regional Committees to complement the work of Sectoral Committees, especially in serving the needs of small business and geographically isolated areas, is necessary. The Council therefore proposes that **Regional Training Committees be established to respond to the diverse needs of local communities and businesses in the area of training.**

Each Regional Committee would have an equal number of representatives from business, labour and the community. The areas of their jurisdiction could roughly correspond to the catchment areas of local community colleges (except in the Toronto and Niagara regions, where there are so many colleges that area responsibilities would have to be amalgamated). Thus, close and responsive links would develop between the Regional Committees and the colleges that would be delivering training services locally.

Unlike the Sectoral Committees, Regional Committees would be entirely funded by government. It would be OTAB's responsibility to ensure the appropriate allocation of funds and to see that the Regional Committees' training missions were complementary to, but not overlapping with, those of the Sectoral Committees.

The Ontario Apprenticeship Board

An Ontario apprenticeship board should be created to revamp Ontario's industrial apprenticeship system. This bipartite body, reporting directly to the OTAB, would be responsible for creating a rigorous and responsive new apprenticeship system in Ontario. Its main job would be to regulate access to and certification of a wide range of occupations. As a first priority, it could recommend ways to overhaul the industrial apprenticeship system.

The Apprenticeship Board could also develop new ways to expand training opportunities for young people, using OTAB funding as a lever to persuade unions, companies and Sectoral Committees to accept guaranteed numbers of apprentices in some industrial sectors.

The Learning Network

A learning network should be established as an R & D resource for a revitalized Ontario training system. The new training system envisioned by the Council will require a central research and development capability, just as the Ontario Institute for Studies in Education serves as an R & D resource for the province's schools and universities.

The Council is not, however, proposing yet another bricks-and-mortar institution. The Learning Network, operating under the OTAB's aegis, would identify and evaluate new training technologies from around the world, conduct its own research into learning and creativity and disseminate its findings on "best practice" through seminars and professional development programs. The Learning Network would help develop relationships between leading trainers in Ontario and those in other jurisdictions.

Local Training Access Centres

It is imperative that the opportunities for and accessibility of training be broadened. One means of achieving this greater access is by **establishing a series of local training access centres to provide information and support to the employment disadvantaged**.

The OTAB's Regional Training Committees would run these centres, but they would be funded directly by provincial ministries. A network of drop-in centres with flexible hours, highly-trained staffs and close links to the communities they serve would go a long way towards making training accessible, on a one-stop-shopping basis, to high-risk and disadvantaged groups in society who traditionally have had the hardest time finding out what their training options are and how to pursue them.

SECTION III:

ADJUSTING TO CHANGE

A FOCUS ON THE WORKER

As Ontario industry restructures, its workforce is constantly adjusting — often involuntarily. But at whose expense is this adjustment taking place? Often it has been at the expense of workers who cannot find new jobs, or comparable jobs, or jobs in the same community, or jobs that pay as well — or sometimes any jobs at all.

Adjustment policies in Ontario must focus on workers' interests because their participation in the labour adjustment process is not always a matter of choice. Owners and managers are free to shut down plants, automate them or retool them to produce different products. If all else fails, they may move to North Carolina or Mexico. These options are not open to employees. They can only react and try to adjust to changing circumstances.

Managing Good Adjustment

Government adjustment policies must aim at more than simply inventing substitutes for lost jobs. Successful adjustment means that workers do not experience undue stress or health problems as a result of workplace changes, that new jobs use as much or more of their skills as before, that workers at least maintain their standard of living, and that they consider their new situation satisfying. Successful adjustment clearly means much more than finding another job.

Industrial restructuring will continue whether Ontario likes it or not. Indeed, restructuring is a steady, never-ending process. So,too, are the learning and training that make successful adjustment possible. For Ontario, the challenge is to manage labour market adjustment, instead of letting it manage us.

Turnover in Firms and Jobs

Over the past decade Ontario industry has been creating new jobs and phasing out old ones in response to the imperatives of global competition and technological change. In 1986, for instance, more than 60 percent of the companies doing business in Ontario were less than eight years old. During that same period, nearly half the firms that were operating in 1978 had disappeared eight years later. Small firms accounted for most of the startups and closures. But even among large firms, with 500 or more employees, the turnover rate was high.

During recessions, obviously, layoffs increase. But even in prosperous times, job changes — including layoffs — are a permanent feature of the economic landscape. In 1988, a boom year, there were an estimated 320,000 layoffs in Ontario. According

to Statistics Canada data, only about 30 percent of laid-off workers find new jobs in the same industry at the same rates of pay. This argues that our labour adjustment policies are not working well.

The Human Costs of Adjustment

Job dislocation and adjustment presents particular problems for certain vulnerable groups in our society. It is far more difficult for older workers, for women, for unskilled workers or those with literacy problems, for the disabled, for recent immigrants and for laid-off workers living in one of Ontario's 115 single-industry towns to adjust to job loss.

The social and human costs of layoffs and labour adjustment extend far beyond the $12 billion that Canada spends annually on Unemployment Insurance. Sudden, involuntary unemployment can tear apart lives and undermine health as surely and catastrophically as a serious accident.

These social and health effects, however difficult to quantify, are nonetheless real. A study of workers who lost their jobs when two Ontario plants closed in 1981 and 1984 hints at the human cost of job loss. At one plant, more than 60 percent of the workers reported that the closure had changed their lives entirely; 40 percent reported that it took three to five years before their lives returned to normal. Studies from around the world have confirmed that sudden, involuntary unemployment is a wrenching experience that leads to higher rates of physical and mental illness, marital discord, alcoholism, suicide, and crime.

The Role of Government and Other Players

Governments play a key role in the adjustment process. Public labour market policy and the regulatory environment help determine whether adjustment is successful or not. In this sense, labour market policies are important instruments of economic and social management. They can facilitate adjustment by providing for training, information and other services. They also help to ensure that the costs of change are shared.

The relationship among business, labour and governments in the adjustment process should be a mutually supportive one. Governments provide the platform for effective labour adjustment and play a supportive and facilitating role, but business and labour should take the initiative in building on this platform an adjustment infrastructure and culture which minimizes the pain of dislocation and speeds productive redeployment. The community also has an important role in providing services and in offering alternatives to layoffs.

INTERNAL AND EXTERNAL ADJUSTMENT

While many of the pressures on the Ontario economy are macroeconomic, and while government policies can and do influence their impact, the adjustments that flow from them are made at the level of the firm.

There are essentially two types of labour market mobility: internal labour market movement, which refers to job or location changes within a firm, and external labour market movements, which occur when individuals move from one employer to another, become unemployed or move out of the labour force altogether. Internal movement is more common in large firms simply because their size and organizational complexity offer more opportunities for mobility. Furthermore, human resource policies at the firm level and collective agreements between employees and

employers address such issues as hiring and layoff, promotional procedures and in-firm training programs. These policies govern whether internal mobility occurs and how.

Smaller firms are less able and therefore less likely to provide many opportunities for internal adjustment. They generally have less structured human resource policies, if they have them at all. Thus, when small firms restructure, much of the resulting labour adjustment will involve employees moving outside the firm. This being the case, the publicly sponsored adjustment policies that in theory apply to large and small firms alike take on particular significance for small firms with limited options for internal adjustment.

For both the individuals concerned and for Ontario's general economic good, adjustment internal to the firm is by far the preferred approach. Employment relationships with a strong commitment to labour and management cooperation are an essential ingredient of a successful labour adjustment policy. Public policy has a role to play in fostering a sound basis for such cooperation and in providing direct support in the form of training and other adjustment assistance.

Community-based External Adjustment: The Firestone Example

When Firestone decided to close its plant in Hamilton in 1987, it gave 18 months notice of the closure, which would mean the loss of 1,286 jobs. As a result of this ample notice, and through strong and creative co-operation between the company, its unions and the community, an estimated 95 percent of Firestone's laid-off employees got other jobs, retired or enrolled in training programs.

Firestone's success at adjusting the overwhelming majority of its workers stemmed from a combination of factors, including:

- Long lead time to prepare for the adjustment
- A supportive and responsible company and union
- Effective government intervention
- An approachable and receptive business community
- A good communications program
- Thorough job search and counselling
- A skilled workforce
- A highly motivated adjustment committee.

PROBLEMS WITH THE EXISTING LABOUR ADJUSTMENT SYSTEM

The key elements in the successful adjustment of dislocated workers include: early awareness and notice of impending layoffs; meeting of employer obligations, such as severance pay and outstanding wages; the provision of adequate income support; in the case of large layoffs, participation of management, labour, community and government in adjustment committees; a rapid response with effective vocational counselling, job search and job matching assistance; support services which help workers overcome the problems they experience because of job loss; flexible training and retraining services, preferably before layoff occurs; and mobility assistance.

Unfortunately, many of these ingredients are often absent from the labour adjustment process in Ontario, despite the substantial financial commitment to the cause on the part of both federal and provincial governments. The problems and failings include:

- **Fragmented Program Delivery** – Federal and provincial programs overlap, creating confusion for those seeking help.

- **Voluntary Compliance** – Employer involvement in government adjustment programs is usually voluntary, which often means that laid-off workers get little or no assistance. Of 130 major layoffs in Ontario last year, only 56 resulted in the formation of federal adjustment committees.
- **Declining Federal Commitment** – The federal government has reduced its financial commitment to labour adjustment measures, especially those directed to training and mobility assistance, as a result of the refocusing of labour market programs under the Canadian Jobs Strategy. Federal CJS spending in Ontario has declined by 36 percent since 1985.
- **Restrictive and Burdensome Eligibility Criteria** – Federal and provincial programs are characterized by overly restrictive criteria to establish eligibility. Often those most in need of assistance, such as workers under notice of layoff or the newly unemployed, must wait six months before becoming eligible for funding.
- **U.I. Regulations That Invalidate Other Program Principles** – In 1985, the federal government changed U.I. regulations so as to define severance pay and the return of pension contributions as "earnings" from employment. Workers in receipt of severance pay thus have their U.I. benefits delayed and reduced accordingly.
- **Programs Are Unresponsive To Local Needs** – Local advisory councils created by the federal government to advise on the CJS have expressed frustration over the unresponsiveness of the strategy to local needs.
- **Programs Are Overly Bureaucratic** – A major impediment for employers is the time required to fill out program applications and other paperwork, along with the complicated nature of these requirements.
- **Inadequate Income Support for Trainees** – Because training allowances are very low, many people, including apprentices, cannot undertake long-term training or have to drop out after they start.
- **Limited Wage Protection** – There is inadequate protection for workers' wages in cases where employers go into bankruptcy or receivership, where they close or abandon unprofitable plants and where they continue to operate but refuse to pay orders for wages.
- **Limited Support for Alternatives to Closures** – There are no mechanisms for regularly and systematically examining alternatives to closures or mass layoffs before they occur. .

Overall, the labour adjustment process is hampered by inadequate and ad hoc measures. In large-scale layoffs, notice is sometimes insufficient for adequate adjustment planning and implementation of assistance programs. This is especially troublesome in communities where a major layoff significantly disrupts its entire employment base and requires long-term planning to pursue alternative courses.

ADJUSTMENT POLICIES ABROAD

All industrialized nations have strategies for facilitating labour adjustment. West Germany, Sweden and Japan are countries that have managed the adjustment process comparatively well. The United States is more like Canada in its approach to labour adjustment, although many of Canada's programs are more European-style than those of the U.S.

How well different systems of labour adjustment work may depend on the industrial relations context in which programs exist. Sweden and Germany have national legislation that establishes workplace-based councils where labour and management are required to consult on workplace issues and employer freedom to lay off workers is much more limited than it is in Canada. Japan has a system of lifetime employment (at least for core workers in major industries) which also discourages layoffs.

These countries have considerable flexibility to adjust their workforces internally. This flexibility hinges on the fact that there are fewer job classifications, promotion is based on merit and qualification rather than seniority, and the labour force is more able and willing to be reassigned both within the firm and outside of it. What makes this long-term labour market flexibility possible in these three countries is the belief in extensive, high quality entry level and on-going training.

While West Germany, Sweden and Japan have a high degree of short-term inflexibility to reduce the size of their workforces, this is the basis for more flexible internal labour markets which are increasingly required in new organizational environments. Paradoxically, what makes this flexibility possible is the fact that there is considerably more security for core workers in these labour markets. In Sweden this security arises from more developed government employment and income protection policies which actively attempt to move workers back into new jobs as quickly as possible after dislocation occurs. In Germany and Japan, firms' inability to lay off and the provision of firm-related benefits are the basis for employment security. External adjustment does occur and has the support of government through early retirement or mobility options, but is generally seen as the option of last resort.

By contrast, the American system of labour adjustment is ad hoc and often hampers adjustment rather than encourages it. Employers in the U.S. are relatively free to lay off as they see fit, and the costs to employers of layoffs are relatively low in comparison with Germany, Japan and Canada.

PRINCIPLES FOR LABOUR ADJUSTMENT

A number of principles have guided the Council's thinking about labour adjustment and form the basis for its recommendations in this area:

- Advance notice is the foundation of successful adjustment.
- Adjustment without layoff through internal redeployment or restructuring of viable firms is the preferred option for both the worker and society.
- Successful external adjustment is not merely a matter of finding another job.
- Adjustment to job loss cannot be left to the market alone because some groups will suffer unduly. To be equitable as well as efficient, adjustment requires strong public policy support.
- A high level of ongoing training in industry facilitates adjustment; however, sound adjustment programs are also necessary to ensure the success of training policies.

- Successful adjustment requires that notice trigger an integrated, comprehensive, flexible and accessible set of programs for all workers facing dislocation.
- Workers facing dislocation require adequate income support and training options to pursue new careers and jobs.
- Successful adjustment requires the involvement of all stakeholders, including workers and their families, employers, employees, communities and governments.

Advance Notice and Rapid Response

Large layoffs or firm closures are major shocks to workers and to labour markets. They require rapid response and special actions. Time is required for individual workers, unions, employers, the community and governments to work together to assess needs, to analyze the skills and capabilities of workers, to determine if there are alternatives to layoff or closure, to find and use employment services and training, to survey other employers for alternative job opportunities and to follow up adjustment cases to see if they are indeed successful and sustained. For these reasons, advance notice is recognized as a key component of any successful large-scale adjustment experience.

The Council believes there is room to improve statutory advance notice requirements in Ontario. Two aspects of advance notice provisions bear reconsideration. One is the threshold number of employees to be laid off in order to trigger an advance notice requirement. Currently in Ontario it is 50. There is also the length of notice time that should be given. Currently, the requirement is for 8 weeks for a layoff of 50 to 199 workers, 12 weeks for 200 to 499 workers and 16 weeks for 500 or more.

Layoffs involving 10 to 49 employees can cause major problems for those affected and for their reintegration into the labour market. In light of the overwhelming evidence of the importance of long notice periods, the Council proposes that **Ontario should lower advance notice thresholds to include layoffs of 10 to 49 workers. Consideration should also be given to increasing the notice period for all mass layoffs.**

The Council believes that it is particularly important that large firms give notice beyond the current 16 weeks statutory minimum. Recognizing that the objective of longer notice is not to add to the financial burden of firms but to trigger effective adjustment for workers, **the Council recommends that large firms not be subject to 'pay in lieu of' obligations upon providing longer notice.**

Workplace Adjustment Committees

Experience in Ontario and elsewhere has demonstrated that one of the most important mechanisms for ensuring a successful adjustment process in mass layoffs and plant closings is the establishment of plant-level labour-management adjustment committees. In unionized facilities, these must be negotiated between employers and trade unions; in non-unionized plants, they can be established by agreements between management and a committee of elected workers.

In Ontario, fewer than half the mass layoffs reported to the Ministry of Labour result in the formation of federally-sponsored adjustment committees. That's because the process is wholly voluntary — unlike jurisdictions such as Sweden and West Germany, where employers are compelled to negotiate adjustment

benefits with laid-off workers, whether or not the firm is unionized.

The Council believes that the "duty to bargain," a concept already firmly entrenched in Ontario's labour legislation, should be extended to cover major adjustment situations. Furthermore, **employers and employees facing mass layoffs, plant closure or major technological change should be required to establish bipartite Workplace Adjustment Committees to negotiate and facilitate counselling, retraining and new employment for displaced workers.**

Workplace and Community Adjustment

The Council believes that an Ontario Workplace and Community Adjustment Service (OWCAS) should be created under the auspices of the OTAB. The OWCAS would provide front-line delivery of adjustment services in Ontario. As soon as a closure or mass layoff was announced, the Service would contact workers and management to ensure that an adjustment committee was established, facilitate the deployment of federal and provincial adjustment funding and work with local officials to ensure that affected workers received prompt income support and other assistance.

The OWCAS would also be empowered to act in anticipation of layoffs and closures by encouraging, working with and funding sectoral and community-based adjustment committees in those industries and regions where industrial restructuring is expected to result in sustained high levels of layoffs and plant closings.

OWCAS would replace the Ministry of Labour's Employment Adjustment Branch and perform in a complementary role to the federal government's Industrial Adjustment Service.

The Special Needs of Single Industry Communities

The closure or restructuring of a major industry in a single-industry community causes substantial dislocation. In such cases, the efforts of OWCAS must be augmented by funding to allow the community to diversify its economic base and create new employment prospects. **A dedicated fund for economic diversification and restructuring should be established to assist single-industry communities with their diversification and adjustment efforts.**

Creating New Restructuring Options

Ontario should also establish a Restructuring Options Unit to help workers and communities explore alternative means of keeping plants open or otherwise maintaining employment.

This unit, which should be chaired by a high-profile business person, could intercede — by invitation — to help workers and communities find new owners for a plant facing closure, or to explore the feasibility of employee buyouts, employee equity loan funds or other alternatives. The Council expects that these alternatives would prove feasible in relatively few cases; but where the opportunity exists for a new start under different management, it should not be overlooked.

Protecting Dislocated Workers' Wages

Ontario should provide wage protection advances to all workers who are owed salary, severance, vacation pay or pension benefits by employers who default on these obligations. The province should then use all legal means to recover these funds from defaulting employers.

Ontario lags behind several jurisdictions in offering this form of wage protection. By paying prompt advances of money owed to workers, the province would not be shifting responsibility for lost wages from employers to taxpayers. Rather, it would ensure that workers do not suffer the added indignity of an economic loss at a time when they are most vulnerable. By vigorously pursuing these claims against employers, the province could recover a substantial portion of the cash advances.

Removing Penalties From Severance Payments

Under U.I. regulations adopted in 1984, severance payments and refunded pension contributions are treated as income for the purpose of calculating insurance benefits. For most laid-off workers, that means an automatic reduction in benefits. This amounts to being penalized by the government for losing your job.

For older workers, the provision is particularly unfair, since they tend to have worked longer and are entitled to larger severance payments. And because older workers tend to stay unemployed longer than younger workers, their loss is all the greater.

Every major study of labour adjustment since 1984 has recommended that Ottawa rescind this regulation. **The Council again urges the Federal Government to amend the provision in the *Unemployment Insurance Act* that treats severance pay as income for the purposes of calculating benefits.**

The federal government should also amend section 26 of the *Unemployment Insurance Act* to permit unemployed workers and workers under notice of termination to receive U.I. benefits while taking training. All federal and provincial training programs should be accessible to the unemployed, and workers should be entitled to paid time off for training undertaken as part of an adjustment plan, as well as for job interviews arranged through adjustment committees.

In some European countries, workers actually receive increased unemployment benefits if they are undergoing training. Current Canadian practise actually works against the adjustment process by making training less accessible at precisely the time when it is needed most.

TOWARDS A NEW PARTNERSHIP

Overall, Ontario's training and labour adjustment strategies are far less effective than they could be, mainly because of a fragmentation of responsibility and a lack of accountability for results.

By placing major responsibility for training and adjustment with the Ontario Training and Adjustment Board, the province will be giving a much larger say in training and adjustment policies to the players most directly affected — labour and management. If these major stakeholders can work together in a spirit of constructive co-operation, everyone will benefit. The Council is confident that the structures and processes recommended in this report will facilitate such a consensus, broaden opportunities for workers and enhance the productivity and competitiveness of Ontario's industries.

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